

61.555 Service credit, creditable compensation, and other credits for military service. (Effective April 1, 2021)

- (1) (a) After August 1, 1998, any employee entering the Armed Forces of the United States after he or she first participates in the system, who joins the Armed Forces within three (3) months of the last day of paid employment, being on leave of absence from service and not withdrawing his or her accumulated account balance, shall be credited for retirement purposes with service credit and creditable compensation as provided in 38 U.S.C. sec. 4318 for his or her period of active military duty in the Armed Forces of the United States, not to exceed six (6) years, if:
 1. The member's military service was terminated in a manner other than as described in 38 U.S.C. sec. 4304; and
 2. The member returns to work with an employer participating in one (1) of the retirement systems administered by the Kentucky Retirement Systems or County Employees Retirement System within two (2) years after completion of the period of active military duty, or upon the subsequent termination of any total disability which existed at the expiration of the two (2) years after discharge.
- (b) A member eligible for the benefit prescribed by this subsection who participates in the hybrid cash balance plan as provided by KRS 16.583 and 61.597 shall also have his or her member account credited with employee contributions, employer pay credits, and interest credits, as provided by KRS 16.583 and 61.597, as though the member were employed during the member's period of active military duty described by this subsection.
- (c) The employer shall remit to the retirement systems the employer contributions that would have been due under KRS 61.565, 61.702, and 78.635 for periods of service credited under this subsection.
- (2) (a) After August 1, 1998, any employee who, prior to the date he or she first participated in the system, terminated his or her employment with an agency participating in one (1) of the systems administered by the Kentucky Retirement Systems or County Employees Retirement System and within three (3) months entered the Armed Forces of the United States and who returns to work with an employer participating in one (1) of the retirement systems administered by the Kentucky Retirement Systems or County Employees Retirement System within two (2) years after completion of the period of active military duty, or upon the subsequent termination of any total disability which existed at the expiration of the two (2) years after discharge, shall be credited for retirement purposes with service credit and creditable compensation as provided in 38 U.S.C. sec. 4318 for his or her period of active military duty in the Armed Forces, not to exceed six (6) years if his or her military service was terminated in a manner other than as described in 38 U.S.C. sec. 4304.
- (b) A member eligible for the benefit prescribed by this subsection who participates in the hybrid cash balance plan as provided by KRS 16.583 and

61.597 shall also have his or her member account credited with employee contributions, employer pay credits, and interest credits, as provided by KRS 16.583 and 61.597, as though the member were employed during the member's period of active military duty described by this subsection.

- (c) The employer shall remit to the retirement systems the employer contributions that would have been due under KRS 61.565, 61.702, and 78.635 for periods of service credited under this subsection.
- (3) Any National Guard technician involuntarily serving on active military duty during the period between January 26, 1968, and January 1, 1970, who completes his or her eight (8) years' service while on military duty during this period, shall have that portion of his or her active military duty, necessary to the completion of eight (8) years' current service, credited to his or her account, as current service without having to meet the reemployment criteria.
- (4) Any employee eligible for retirement as prescribed in KRS 61.559 or any employee upon completion of five (5) years of service shall receive current service credit for a maximum of four (4) years for his or her period of active military duty in the Armed Forces of the United States, if his or her military service was terminated in a manner other than as described in 38 U.S.C. sec. 4304 and he or she has not been credited with the service under subsections (1) to (3) of this section if he or she pays thirty-five percent (35%) of the cost of the service based on the formula adopted by the board. The payment by the member shall not be picked up by the employer, as described in KRS 61.560(4), and shall be deposited to his or her individual member's account. The remaining sixty-five percent (65%) shall be paid by the state from funds appropriated specifically for the purpose and these payments shall be deposited to the respective retirement allowance accounts. If no funds are available in the special appropriation account, the system shall not accept employee payments until funds are available in the account.
- (5) Any employee participating in one (1) of the retirement systems administered by Kentucky Retirement Systems eligible to purchase military service credit under subsection (4) of this section shall receive current service credit for active military duty as provided under subsection (4) of this section without payment of the current employee contribution ratio if the member was taken prisoner by a hostile power at any time during active military service.
- (6) Any employee participating in one (1) of the retirement systems administered by Kentucky Retirement Systems or County Employees Retirement System age sixty-five (65) or older who has forty-eight (48) months of service, at least twelve (12) of which are current service, or if younger who has sixty (60) months of service, at least twelve (12) of which are current service shall receive current service for his or her period of active military duty in the Armed Forces of the United States, if his or her military service was terminated in a manner other than as described in 38 U.S.C. sec. 4304 and he or she has not been credited with the service under subsections (1) to (4) of this section, by paying the retirement system a delayed contribution payment in accordance with the payment options and restrictions established by KRS 61.552(14). Service purchases made pursuant to this subsection shall be

purchased by the entire amount of service available pursuant to this subsection or by increments.

- (7) Any employee participating in one (1) of the retirement systems administered by the Kentucky Retirement Systems or County Employees Retirement System age sixty-five (65) or older who has forty-eight (48) months of service, at least twelve (12) of which are current service, or if younger who has sixty (60) months of service, at least twelve (12) of which are current service, shall receive one (1) month of current service for each six (6) months of service in the National Guard or the military reserves of the United States, by paying the retirement system a delayed contribution payment in accordance with the payment options and restrictions established by KRS 61.552(14). The service shall be treated as service earned prior to participation in the system and shall not be included in the member's final compensation. Service purchases made pursuant to this subsection shall be purchased by the entire amount of service available pursuant to this subsection or by increments.
- (8) For members who begin participating in the systems administered by Kentucky Retirement Systems or County Employees Retirement System on or after January 1, 2014, in the hybrid cash balance plan prescribed by KRS 16.583 and 61.597, the provisions of subsections (4) to (7) of this section shall not apply.

Effective: April 1, 2021

History: Amended 2020 Ky. Acts ch. 79, sec. 23, effective April 1, 2021. -- Amended 2018 Ky. Acts ch. 107, sec. 26, effective July 14, 2018. -- Amended 2017 Ky. Acts ch. 32, sec. 11, effective June 29, 2017. -- Amended 2013 Ky. Acts ch. 120, sec. 51, effective July 1, 2013. -- Amended 2004 Ky. Acts ch. 36, sec. 12, effective July 13, 2004. -- Amended 2002 Ky. Acts ch. 52, sec. 6, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 385, sec. 15, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 105, secs. 10 and 26, effective July 15, 1998. -- Amended 1992 Ky. Acts ch. 240, sec. 22, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 132, sec. 1, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 179, sec. 1, effective July 15, 1986; and ch. 362, sec. 1, effective July 15, 1986. -- Amended 1984 Ky. Acts ch. 121, sec. 1, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 166, sec. 19, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 186, sec. 7, effective July 15, 1980. -- Amended 1978 Ky. Acts ch. 311, sec. 13, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 321, sec. 17. -- Amended 1974 Ky. Acts ch. 48, sec. 1; and ch. 302, sec. 1. -- Amended 1972 Ky. Acts ch. 116, sec. 32; ch. 116, sec. 32; and ch. 133, sec. 1. -- Amended 1966 Ky. Acts ch. 32, sec. 6. -- Created 1956 Ky. Acts ch. 110, sec. 10.

Legislative Research Commission Note (12/13/2018). On December 13, 2018, the Kentucky Supreme Court ruled that the passage of 2018 SB 151 (2018 Ky. Acts ch. 107), did not comply with the three-readings rule of Kentucky Constitution Section 46 and that the legislation is, therefore, constitutionally invalid and declared void. That ruling applies to changes made to this statute in that Act.